

## Wealth Markets and Commerce

## Finance - Economics

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Some one once remarked that there are three kinds of lies—plain, fancy and statistical. By implication some of the statements contained in the Federal Bureau of Labor's review of food prices, as published in the morning papers, fall in the third class. It was stated that:

Despite the average increase of 19 per cent in wages per hour in the last ten years, and despite a cut in hours worked of 4 per cent, the rising cost of foods has operated to reduce the pay of the American workman about 16 per cent, expressed in terms of food his dollar will buy. A workman who made \$3 a day in 1907, working ten hours a day, in 1916 worked nine hours and thirty-five minutes a day and drew \$3.48 for it, but it cost him \$4.17 to buy the same quantity of food his \$3 would cover in 1907.

That is to say, the prosperity which nearly every one supposed we enjoyed last year was false, for obviously, a country cannot be truly prosperous when its workers' command over goods is reduced. If all conclusions were necessarily correct, the one plainly pointed by these statistics would be very disturbing, indeed. Fortunately they are not. What the figures really show is the purchasing power of a wage rate is smaller, which isn't so significant as it appears at first glance.

During the ten-year period mentioned there has been a continual race between wage rates and prices, and the advantage has shifted from one side to the other. Often labor has been at a disadvantage; quite as often it has had the best of it. But it is a fair assumption, in view of the known facts relating to consumption, that the workers' command over goods, which is the vital thing, has shown an increase in more years than it has decreased, while it was probably greater in 1916 than ever before, in spite of statistics tending to prove the contrary. It is true that prices rose more rapidly than wage rates during the year, but there were offsets to that. For one thing, the constancy of employment must be considered as a factor in the equation. The demand for labor throughout 1916 exceeded the supply at all times, and in consequence unemployment, an acute problem in preceding years, was practically non-existent. Moreover, the shortage of the supply of labor necessitated much overtime work, for which labor in many cases received compensation at a rate above the regular schedule. A part of this overtime undoubtedly represented work in time which in 1907 was included in regular hours of service, since the tendency is steadily toward a shorter working day.

Taking these things into consideration, it seems certain that the actual income of labor increased more than wage rates, and that the increase was probably more than sufficient to offset the advance in prices, so that total earnings had a greater, instead of a lesser, purchasing power than total earnings in 1907, or in any other year, for that matter.

Figures just published by "Aera" show that electric railways shared in the general increase of business activity in 1916. Returns from 110 lines give total operating revenues of \$207,520,000, which was an increase of 6.3 per cent over 1915, and 4.5 per cent over 1914. Operating expenses, however, increased even more in proportion than revenues, with the result that net earnings were only 5.8 and 3.9 per cent larger than in 1915 and 1914, respectively. The report shows that 5,272,123 passengers were carried during the year, of which 2,295,434,000 rode on transfers, and 28,336,000 were carried free. The average fare, excluding free passengers, was 3.95 cents, which was a decrease of a quarter of a cent, compared with the two preceding years.

## Money and Credit

Less activity was apparent in the time money market yesterday, but rates remained unchanged. Loans based on industrial securities as collateral are quoted at 4 to 4 1/4 per cent for the longer maturities. Loans based on a mixture of industrial and railway securities are quoted at 3 1/2 to 3 3/4 per cent for six months and 3 1/4 to 4 per cent for five and six months.

Money on call closed the week at 2 1/2 per cent, a fraction up from Thursday, but unchanged from the previous week. Most of the business was in the form of renewals.

Ruling rates on money yesterday, compared with a year ago, were as follows:

	Yesterday	Year ago
Call money	2 1/2 %	2 %
Time money (mixed collateral):		
60 days	3 1/2 %	2 1/2 %
90 days	3 1/2 %	2 3/4 %
6 months	3 1/4 %	3 %
5 to 6 mos.	4 %	3 1/2 %

Commercial Paper.—This market is marking time. The supply of bills is

small and institutions are waiting on the development of the international situation the coming week. Rates continue at 4 to 4 1/4 per cent for the best names.

Official rates of discount of each of the twelve Federal districts are as follows:

	Days	Over 150	Over 180	Over 210	Over 240	Over 270	Over 300
Boston	3 1/2	4	4	4	4	4	4
New York	4	4	4	4	4	4	4
Philadelphia	3 1/2	4	4	4	4	4	4
Cleveland	3 1/2	4	4	4	4	4	4
Richmond	4	4	4	4	4	4	4
Atlanta	4	4	4	4	4	4	4
Chicago	3 1/2	4	4	4	4	4	4
St. Louis	3	4	4	4	4	4	4
Minneapolis	4	4	4	4	4	4	4
Kansas City	4	4	4	4	4	4	4
Dallas	3 1/2	4	4	4	4	4	4
San Francisco	3 1/2	4	4	4	4	4	4

Bank Clearings.—The day's clearings at New York and other cities:

	Exchanges	Balances
New York	\$497,359,530	\$33,625,371
Baltimore	6,552,051	915,771
Boston	37,492,813	6,652,208
Chicago	74,750,982	3,075,852
Philadelphia	54,711,651	5,299,933
St. Louis	17,876,230	2,605,596

Sub-Treasury.—New York banks gained from Sub-Treasury \$3,900,000.

Silver.—Bars in London, 36 pence; New York, 72 1/2 cents; Mexican dollars, 55 1/2 cents.

Week's Currency Movements.—Reported movements of currency during the week indicate a loss in cash by the banks of about \$10,500,000. The loss on interior operations was \$1,625,000. During the week the Federal Reserve Bank's debit balances at the Clearing House amounted to \$2,573,000. Its credit balances aggregated \$2,171,000, leaving a balance against the local banks of \$19,338,000.

Bank Clearings.—Payments through the banks, as reflected in Clearing House transactions at the principal cities of the country, this week aggregated \$4,705,785,038, according to the compilation of R. G. Dun & Co., an increase of 30.7 per cent compared with the same week last year and 73 per cent over 1915.

Gold Currents.—A total of \$20,000,000 in gold was shipped into Canada yesterday on British government account, \$10,000,000 coming to New York and \$10,000,000 going to the Philadelphia mint. Of the New York consignment the Federal Reserve Bank bought \$5,000,000 and the remaining \$5,000,000 was deposited at the United States Assay Office to the credit of J. P. Morgan & Co. Yesterday's shipments brought the total imports from all sources since the first of the year to \$260,700,000, and since January, 1915, to \$1,393,200,000.

Local bankers withdrew \$695,000 in gold coin from the Sub-Treasury yesterday, of which \$395,000 will be shipped to Spain and \$300,000 to Cuba.

The Dollar in Foreign Exchange.—Only a nominal market exists in German marks. One Wall Street house alone is making the market; other banking institutions have entirely withdrawn. The rate yesterday ranged from 71 1/2 to 72 cents per four marks. Vienna kronen were also higher, at 12 cents, with few offerings. Sterling and French exchange rates were firm on receipt of \$20,000,000 additional gold.

Closing rates yesterday, compared with a week ago, were as follows:

	Yesterday	Week ago
(Quoted dollars to the pound)		
Sterling, demand	\$4.75 1/2	\$4.75 1/2
Sterling, sixty days	4.72	4.71 1/2
Sterling, cables	4.76 1/2	4.76 1/2
Sterling, ninety days	4.70	4.69 1/2
(Quoted cents to the dollar)		
Francs, demand	5.84 1/2	5.84 1/2
Francs, cables	5.83 1/2	5.83 1/2
Liars, checks	7.76	7.77 1/2
Liars, cables	7.75	7.76 1/2
Swiss, checks	5.04 1/2	5.04 1/2
Swiss, cables	5.03 1/2	5.03 1/2
Reichsmarks, checks	7 1/2	68
Reichsmarks, cables	7 1/2	69
(Quoted cents to the unit)		
Guillemots, checks	40 1/2	40 1/2
Guillemots, cables	40 1/2	40 1/2
Rubles, cables	28.48	28.70
Austrian, kronen, ch'ks	11.75	11.70
Stockholm, kr, ch'ks	29.90	29.70
Copenhagen, kr, ch'ks	28.90	28.85
Pestats, checks	21.75	21.32

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, as calculated by the United States Mint:

	Current exchange	Intrinsic value
Pounds, sterling	\$4.75 1/2	\$4.86 1/2
Francs	0.17 1/2	0.19 3/4
Guillemots	0.40 1/2	0.40 1/2
Crowns (Denmark)	0.17 1/2	0.23 1/2
Markas	0.28 1/2	0.51 1/2
Rubles	0.12 1/2	0.19 3/4
Crowns (Sweden)	0.28 1/2	0.28 1/2

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling for \$4.75 1/2; the intrinsic parity is \$4.86 1/2 per pound. Thus, you say either that pounds are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

U. S. Treasury Finances

Washington, March 30.—Condition of the United States Treasury at close today showed: Net balance in general fund, \$57,221,062; total receipts, \$2,608,091; total payments, \$2,570,357. The deficit this fiscal year is \$169,395,763, against a deficit of \$50,438,832 last year, exclusive of Panama Canal and public debt transactions.

## Money Paid to Denmark Will Remain in U. S.

Exchange of Funds at Current Rates Would Result in Loss

Denmark intends, for the present at least, to keep on deposit in the United States the \$25,000,000 which this government will pay over to-day as the purchase price of the Danish West Indies. A local banker who has taken a hand in arranging the financial end of the transfer of the islands explained yesterday that the United States Treasury will draw drafts on itself for the full \$25,000,000 and turn them over to the Danish Minister at Washington. He in turn will forward the drafts to New York, where they will be deposited with several specially designated institutions to the credit of the Danish Minister of Finance. This will make the funds available for drawing against as the Danish government wishes.

Bankers point out that the likelihood of the immediate transfer of the \$25,000,000 from New York to Copenhagen is small with exchange rates at current levels. With the exchanges between Denmark and the United States on a normal basis one American dollar is the equivalent of approximately 3.75 Danish crowns. At the prevailing rate, however, the dollar is only equivalent to 3.45 crowns. Accordingly if Denmark should seek to convert the \$25,000,000 into crowns for purposes of remittance to Copenhagen, only 86,250,000 crowns could be purchased at yesterday's exchange rate, against 92,750,000 under normal conditions. The difference, figured on a normal exchange basis, would mean a loss on the operation of around \$200,000. Moreover, the appearance of an order for \$25,000,000 worth of Danish exchange in the local market would be likely to send the value of crowns even higher.

It has been suggested that Denmark might make a deal with Great Britain and turn over to the British the \$25,000,000 in exchange for commodities. Bankers said yesterday they did not believe Denmark would make such an arrangement, inasmuch as Germany might view it as an unneutral act. On the other hand, it was spoken of as a possibility that Denmark might turn the funds over to the use of Germany.

## Reflexes of War

There is now a general movement among British marine insurance companies to economize in the paper used for slips of insurance and policies. Experiments have already shown that the slips could be reduced in size by quite a third and be equally useful. As the number of slips used by the offices amounts to several thousands a day, the daily total saving of paper by such a reduction would be very substantial. Incidentally, the adoption of a standard form of slip by all the offices would facilitate work. Similarly, it is thought that offices when ordering new supplies of policy forms should avoid a repetition of the present expensive and imposing documents, in which large blank spaces are quite a feature. The fact is that both slips and policies were designed without any thought of the paper required, but now that, in consequence of the war, the numbers of insurance documents issued have enormously increased and the supplies of paper have very seriously decreased the opportunity of saving on each document has become very obvious.

According to "Le Messager de Paris" a syndicate has been formed with a guaranteed capital of a million francs for the purpose of establishing a new Swiss bank. This bank will be known as the Banque Suisse d'Exportation, and its object will be to stimulate Swiss exports after the war. Another war development is seen in the announcement that the Swiss South American Bank, which was organized to promote the export trade with South America and which has hitherto worked in close relations with a German institution, has, at the instigation of Swiss exporters, opened negotiations for a connection with the Société Franco-Italienne pour l'Amérique du Sud.

Advices from Constantinople via Amsterdam state that in opening the general debate on the budget for the new year the Turkish Minister of Finance said that the advances which Germany had made, together with those which she would make up to next August, would amount to 142,000,000 Turkish pounds. At the normal value of the Turkish pound sterling this would be the equivalent of approximately \$500,000,000. The Turkish government by a convention concluded with Germany has assured the maintenance of the price of Turkish paper money after the war to the same extent as German paper money. It was stated also that Germany had undertaken to send \$15,000,000 in gold every year to Turkey in order that her ally might withdraw paper money from circulation. The Turkish Minister emphasized the financial assistance which Germany was giving in not requiring the payment of interest on her advances until Turkey's paper currency had been entirely withdrawn from circulation—that is to say, for eleven years.

The Skandinaviska Kreditaktiebelaget, one of the largest banks in Sweden, after providing for excess profits tax, reports net earnings for 1916 of approximately \$2,750,000, compared with \$2,000,000 in the previous year. The directors recommended dividends on the bank shares at the rate of 16.20 per cent, compared with 14.80 per cent in 1915. Since 1905 the capital of the bank has been increased from \$4,500,000 to \$12,000,000, largely as the result of absorptions.

## War Might Tend to Unify Banking Power

Campaign to Bring Trust Companies Into Federal Reserve System Expected

The Federal Reserve Board is expected to launch a vigorous campaign soon to induce trust companies to join the Federal Reserve system. A prominent banker intimated yesterday that the board is anxious to unify the country's banking power, as soon as possible, in order to insure efficient handling through central control of financial operations in an emergency such as might arise from participation in the European war. Members of the board on various occasions of late are said to have privately advocated a movement of this kind.

Officials of leading trust companies would not say yesterday whether the action had yet been taken by the institutions they represented to meet the wishes of the Federal Reserve Board, but several admitted that some of the objections raised by the trust companies of the Reserve system might be waived should it appear that the interests of the country would best be served in that way.

In this city the Corn Exchange and the Broadway Trust Company are the only state institutions that have joined the Reserve system. The Old Colony Trust Company of Boston, the largest trust company in New England, is also a member.

## Great Northern's Income Shows Gain

In conformity with the ruling of the Interstate Commerce Commission that all railroads of the country shall end their fiscal year with the calendar year the Northern Pacific Railway issued yesterday a report covering operations for the six months ended December 31 last. The net income within that period increased over \$3,000,000.

Gross operating revenues were \$43,742,765, an increase of \$4,342,112 over the corresponding period of 1915. Operating expenses and taxes cut into gross to the extent of over \$4,000,000 more, leaving a net operating income of \$18,572,801, a gain of \$1,038,991.

Non-operating income for the last six months of 1916 brought the total net income up to \$22,632,995. From this was deducted \$6,652,773 in fixed charges, leaving a balance of \$15,980,222, or \$1,218,137 more than resulted from the last six months' operations of 1915.

The company's income account for the twelve months ended December 31 compares with the previous year as follows:

	1916	1915
Operating revenue	\$40,281,343	\$36,982,429
Operating expenses	43,232,278	36,100,207
Taxes	5,555,124	4,343,787
Uncollectible rev.	11,759	5,162
Operating income	\$1,532,181	\$2,643,272
Non-operating income	8,572,106	10,304,532
Gross income	40,204,287	36,847,804
Deductions	13,256,277	13,199,654
Net income	26,948,010	23,648,150
Dividends	17,360,000	17,360,000
Surplus	9,588,010	6,288,150

Cash on hand on December 31 stood at \$23,245,220, compared with \$20,137,329 on June 30.

## Relevant Facts

Norfolk & Western.—The February operating statement of this road discloses decreases in both gross and net earnings for the first time in a year or more. Railway operating revenues decreased \$61,070, or 1 per cent, from February, 1916, while net decreased \$266,004, or 13 per cent. Operating expenses increased \$204,033, or 13 per cent. For the first two months of the current year ended with February the railway operating revenues of the company have decreased \$48,975, or 1 per cent.

Southern Railway.—The road's February gross amounted to \$5,998,107, compared with \$5,721,736 in the corresponding month of 1916. Net after taxes totalled \$1,359,771, against \$1,629,798. For the eight months of the fiscal year net amounted to \$10,058,058, against \$13,744,115 in the corresponding period of last year.

Wabash-Pittsburgh Terminal.—The old first mortgage 4 per cent bonds of this company sold on the Stock Exchange yesterday as high as 38 1/2, an advance of two points. Under the reorganization plan these bonds are to be exchanged for preferred and common stock of the new Wabash, Pittsburgh & West Virginia Railway, the main assets of which are said to be its coal property in the industrial district near Pittsburgh. These mines were for sale a year ago, but are now reported to be earning almost as well in a year as was bid for the mines at that time.

United States Smelting, Refining and Mining.—This company during 1916 earned 40.99 per cent on its \$17,555,750 common stock, against 27.84 per cent the previous year. Net earnings were \$9,737,664, an increase of \$2,158,480, and net profits after depreciation were \$8,898,164, compared with \$6,592,324 in 1915. The amount of common dividends paid last year was \$1,228,903 greater than for 1915.

French Loan Allotments.—J. P. Morgan & Co., as managers of the syndicate which underwrote the \$100,000,000 two-year notes of the French government, have made allotments to subscribers. All applicants for amounts up to 100 notes were allotted in full, and larger amounts were allotted on a graduated scale, the minimum being 60 per cent of the total applied for.

## 14 Organizations Of Shippers Fight Freight Rate Raise

Call Conference, Which Will Demand Hearing on Increases

Chicago, March 30.—Representatives of fourteen national organizations of shippers met here to-day and issued a call for a general conference of commercial and manufacturing interests to be held in Chicago April 13 to consider action in regard to the petition recently filed by the railroads with the United States Interstate Commerce Commission asking for a general increase in freight rates.

The men who have called the conference will, it is said, urge that no increase in freight rates be granted by the commission until the shippers' side of the question has been heard.

The call for the conference says: "The railroads of the United States are proposing an extraordinary general advance in freight rates, although their net revenues above all expenses last year were greater than ever before. Under the provisions of the act to regulate commerce the burden of proof is upon the railroads to justify such advances, and the public is entitled to a full investigation by the Interstate Commerce Commission.

"Therefore, we hereby call a general conference of representative organizations of shippers for the protection of the shipping public in regard to these advances."

The call is signed by the following organizations: National Livestock Shippers' Protective League, National Industrial Traffic League, Utilities Bureau, National Petroleum Association, National Council of Farmers, Cooperative Grain Dealers' Association, National Wool Growers' Association, American National Livestock Association, Western Oil Jobbers' Association, Western Petroleum Refiners' Association, National Livestock Exchange, National Society of Records Association, Ohio Industrial Association, Equity Cooperative Exchange, United States Metal Culvert Association.

## Southeastern Railroads To Join in Rate Demand

Washington, March 30.—Traffic officials of virtually all Southeastern railroads at a meeting here to-day decided to join Eastern, Western and Southwestern railroads in requesting the Interstate Commerce Commission to permit a general advance in freight rates of from 10 to 15 per cent.

Increases of about 5 per cent in freight rates on all classes and commodities moving east and west by way of rail and ship lines over the Great Lakes went into effect to-day, when the Interstate Commerce Commission declined to suspend tariffs proposing them.

General revision of freight rates on fruits and vegetables from Southern states to Northern and Middle Western markets, in order to bring rates to a parity with those from other producing sections, were approved to-day by the Interstate Commerce Commission.

## Storage for Canadian Wool

Storage accommodation is to be provided by the Canadian government at Toronto for the entire wool clip of the growers in Western Canada, who have hitherto been in the habit of shipping their clip to the United States. It is estimated that 2,000,000 pounds of wool will thus be rendered available for the mills in Eastern Canada.

## Extraordinary Shipping Profit

Fourteen Danish shipping companies paid in 1916 dividends averaging 62 per cent of their capital, or a sum of 43,000,000 kroner (nearly \$12,500,000), which is considerably more than the value of their whole fleets before the declaration of war.

## Pennsylvania Bonds Offered at 97 1/2

Kuhn, Loeb & Co. announced yesterday that the price for the new issue of \$50,000,000 Pennsylvania Railroad bonds would be 97 1/2.

## Significant Relations

## Money and Prices:

	Now	A year ago
Stock of money gold in the country	\$2,968,355,434	\$2,318,973,327
Loans of all national banks	\$8,340,626,000	\$7,233,929,000
Total reserve (i. e., cash in national bank vaults and on deposit with Federal Reserve banks)	\$1,493,433,000	\$1,212,960,000
Ratio of this total reserve to gross deposit liabilities of national banks	12.1 %	11.9 %
Discounts of Federal Reserve banks. Their liability for notes, net	\$108,271,000	\$80,550,000
Their gold reserve against deposits and circulation	16,725,000	9,977,000

Average price of 15 railroad stocks. Last week. The day before. A year ago.

	1917	1916	1915
Food cost of living (Annalist index number)	238.875	235.397	164.191

Production:

	March 1	February 1	A year ago
Unfilled U. S. Steel orders, tons	11,766,697	11,474,054	8,568,966

	February	January	A year ago
Pig iron (daily average), tons	33,177,090	33,008,609	106,456
Active cotton spindles	33,177,090	33,008,609	31,980,240

The 1916 steel production was 1,012,000,000 tons, compared with 994,000,000 tons in 1915.

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